

SENATE BILL REPORT

SB 6407

As of January 24, 2008

Title: An act relating to increasing the small business credit for the business and occupation tax.

Brief Description: Increasing the small business credit for the business and occupation tax.

Sponsors: Senators Franklin, Eide, Benton, Kline, Hobbs, Honeyford, Marr, Weinstein, Kilmer, Fairley, Tom, Berkey, Swecker, Rasmussen, Shin, Sheldon, Keiser, Pridemore, Hargrove, Regala, Haugen, Murray, McDermott, McAuliffe and King.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/25/08.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Staff: Aaron Gutierrez (786-7448)

Background: Washington's major business tax, the business and occupation tax (B&O), is imposed on the gross receipts of business activities conducted within the state. A small business credit of 35 dollars per month is allowed against the B&O. The credit has not been increased since 1994.

The Department of Revenue may relieve businesses from the requirement of filing returns if the amount subject to tax is less than 28 thousand dollars.

Summary of Bill: The maximum credit against the B&O is increased to 40 dollars per each month in the reporting period. Beginning in 2010, the maximum credit against the B&O will increase at a rate equivalent to the increase in the rate of the Washington consumer price index. If there is no increase, or a decrease occurs in the consumer price index, the maximum credit amount will remain the same as in the previous fiscal year.

The 28 thousand dollar minimum threshold for filing returns is replaced by a mathematical formula using the B&O tax credit.

Appropriation: None.

Fiscal Note: Requested on January 11, 2008.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 01, 2009.

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